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STATISTICAL BULLETIN

Highlights

- SLOWER INCOME GROWTH MAY COOL CONSUMER SPENDING; HIGH LENDING RATES CONSTRAIN ALREADY SOFT CAR AND HOME SALES.
- LABOR MARKETS APPEAR TO BE EASING.
- THE PACE OF NEW ORDERS IS SLIPPING.
- INDUSTRIAL OUTPUT GROWTH IS DOWN SLIGHTLY AND CAPACITY UTILIZATION IS LOWER.
- ON THE INFLATION WATCH: PRICE INCREASES HAVE QUICKENED; BUT INFLATIONARY FEARS COULD BEGIN TO EASE SOON.
- OUTLOOK • U.S. ECONOMIC GROWTH WILL MODERATE IN THE SECOND QUARTER AND MAY TURN SLUGGISH THIS SUMMER.

Volume 22, No. 4, April, 1989

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: For months now, the consensus of the Economic Forecasts called for the U.S. economy to begin to weaken in the second quarter of 1989—either of its own accord or in response to successive rounds of interest-rate hikes coupled with minimal money supply growth. That forecast met with skepticism. Indeed, financial markets seemed more preoccupied with prospects of outsized growth that, if sustained, would push inflation out of hand. But now, indications of slower growth are beginning to proliferate: The labor market is still expanding, but at a weaker pace. Consumer spending is subdued, and consumer attitudes are beginning to wilt. Those factors now join the lower growth trends in car and home sales, as well as that of slower-paced exports. To be sure, the expansion continues but seems to be slowing to a more manageable pace, raising the question of whether the system is simply shifting out of third gear to second, or starting a gradual grind to a halt. The former remains the majority view, at least for now.

DOMESTIC MARKET MONITOR

Labor market strength, a very prominent feature of this economy for at least the last eighteen months, is starting to diminish. The fall in construction jobs in February and March might be weather related, but not so the drop in both employment and hours worked in durable-goods manufacturing. Weakening was also evident in the slight uptick in unemployment claims and in the sustained decline in The Conference Board's **Help-wanted Index**, a measure of labor demand. Even so, labor conditions remained strong enough to boost the average hourly pay rate again in March. Thus, even if the labor market is finally beginning to cool off, it may be developing too late to hold down labor cost increases and, therefore, related price rises—and could inspire another round of interest-rate hikes.

INCOME: Wages in commodity-producing industry were 1.3% higher in February than three months earlier. That pace is considerably slower than the end-of-year gain. Wages in the "other industry" category, however, were 2.7% higher—no change in trend. Despite a gain in average hourly pay rates in the industrial sector in March, the lack of any gain in employment and/or hours worked that month suggests the rise in wage income probably slowed again.

Nonwage income gains are rising very rapidly, with no signs of tempering. Interest income is rising sharply, but the gain in shopkeepers' income is even stronger. The uptrend in both prices and interest rates is likely to keep nonwage income growth on a very rapidly rising curve, at least for the next several months.

Historically, rising consumer income is associated with increases in borrowing. The present is no exception. The rate of new consumer borrowing, whether auto loans or revolving charge activity, is relatively strong right now. If wage income growth begins to falter, though, the pace of new borrowing may slow in the coming months.

Consumer attitudes may also move lower, albeit slowly, over the next few months. Bolstered by hiring and pay gains, The Conference Board's **Consumer Confidence Index** stood at 120.7 (1985 = 100) in February—close to its all-time peak—but dipped to 117.7 in March. The Expectations Component, however, was down to 105 in March, considerably below its peak level of last May. If hiring and pay gains continue to cool, especially while inflation inches higher, consumer attitudes may soften over the spring and early summer.

SPENDING: With one exception, consumer spending growth is still fairly vigorous. Total retail sales, except cars, were 0.9% higher in February than three months earlier. And durable-good sales, except cars, were fully 2.2% higher. One reason industrial conditions have been so strong of late is the continued uptrend in consumer demand. But if income, borrowing, and attitudes all weaken over the next few months, as expected, so will household buying.

Car buying has gone from flat to declining. Despite promotional campaigns, new domestic **Automobile Sales**, fell to a seasonally adjusted 6.9 million annual rate in March, from a lackluster 7 million rate in February. And with interest rates likely to go even higher, car sales are very unlikely to recover soon.

CONSTRUCTION: Higher interest rates are also likely to keep home buying mired in a deep slump. The decline in single-family home sales in February offset increases in the prior two months—weather may explain these gyrations. The trend is flat sales, contributing to the backlog of unsold homes and weaker construction activity. Permits to build new single-unit housing were almost 6% lower in February than three months earlier. Moreover, both construction employment and hours worked declined in March.

Business investment is one area where signs of cooling are not in evidence. Nonresidential construction is still rising. Office and commercial, but not industrial, building increased sharply in early 1989. So did public building, including work on roads and other infrastructure. Given that the aggregate level of residential construction is much larger than nonresidential, the overall impact on the economy of strong business spending on physical plant is limited.

PRODUCTION: Concern about rapid industrial expansion fueling more inflation should diminish. Industrial

Ken Goldstein, Editor

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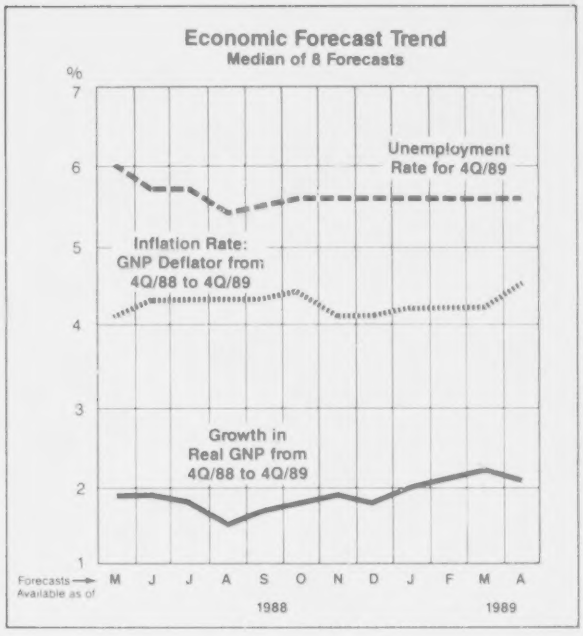


output growth is cooling somewhat: Total industrial production was only 0.9% higher in February than three months earlier. Defense- and space-related output dropped by 0.9 percent. Durable-goods output was 1.8% higher, while that of business equipment was 2.6% higher. The lack of any increase in jobs or hours worked in March suggests that industrial output probably grew modestly, at best, that month.

The combination of a little slower growth in industrial output and continued increases in capacity, the other side of the big surge in capital investment over the last two years, has helped ease the strain on capacity. Total capacity utilization dipped from 84.5% in January to 84.3% in February. The magnitude of change is rather limited. But the fact that utilization has stopped rising could dampen concern about overheating.

Slower growth in industrial output appears to be the beginning of a trend, not an aberration. New orders for durable goods, except for defense-related materiel, were only 0.8% higher in February than three months earlier. Still, the ratio of new orders to shipments, another measure of the strength in industrial conditions, was 5.2% higher in February than three months earlier. That suggests the surge in orders in December and January just as suddenly ended in February, leaving producers with a backlog of unfilled orders but a slower pace of incoming orders. That might signal a moderating pace in production over the next few months.

INVENTORY: Producers have been slow to build inventory, partly because of concern about the sustainability of rising demand so late in the expansion and partly because of the level of short-term interest rates. Total inventory, except cars at the retail level, was 1.8% higher in January than three months earlier. Yet, the Inventory-to-Sales ratios were lower in January than last Autumn. Inventory almost certainly continued to rise through March as producers attempted to keep stocks in line with final sales.

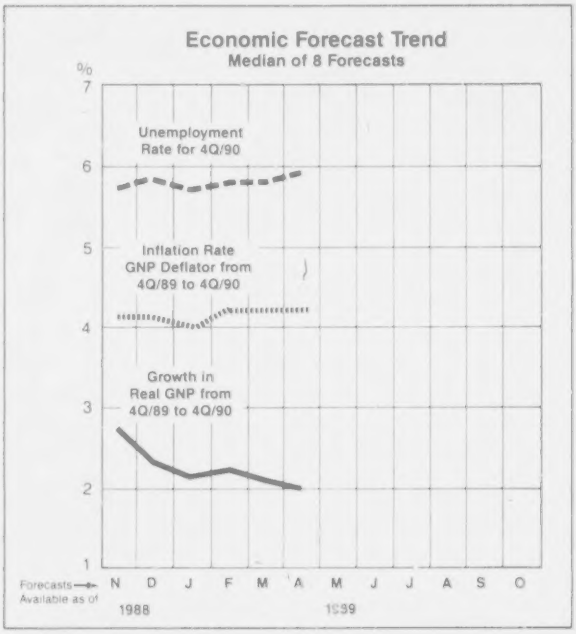
INFLATION: More price hikes are in the pipeline. As noted earlier, labor costs are rising. Nonlabor costs are also going up: Oil prices were up in the first few months of this year, as were raw metal prices. Meanwhile, farm prices were 2.8% higher in March than three months earlier. But wholesale prices for raw material, except food and energy, were unchanged in February, after a whopping 2.2% rise in January. If the economy is indeed beginning to grow more slowly, the inflation threat will lessen.

INTERNATIONAL MONITOR

Strong domestic industrial conditions are pulling in imports and widening the merchandise trade deficit. In January, imports of raw and semi-finished industrial material were 10.8% higher than three months earlier. Capital goods imports were 6.6% higher, no doubt reflecting the strength of domestic business investment. But imports of cars and parts were 10.8% lower; imports of other consumer goods were 0.5% lower. With consumer spending on durable goods still strong, at least through February, durable imports probably rose that month.

Export growth has clearly tailed off. Despite a 20% rise in exports of consumer goods, other than cars and parts, over the last three months, total exports actually declined slightly. Exports of cars and parts as well as capital goods fell over this period. Given an upward trend in industrial production and other leading indicators for Europe and Japan (see the **Selected International Comparisons** chart), export growth will probably resume.

Ken Goldstein
April 11, 1989

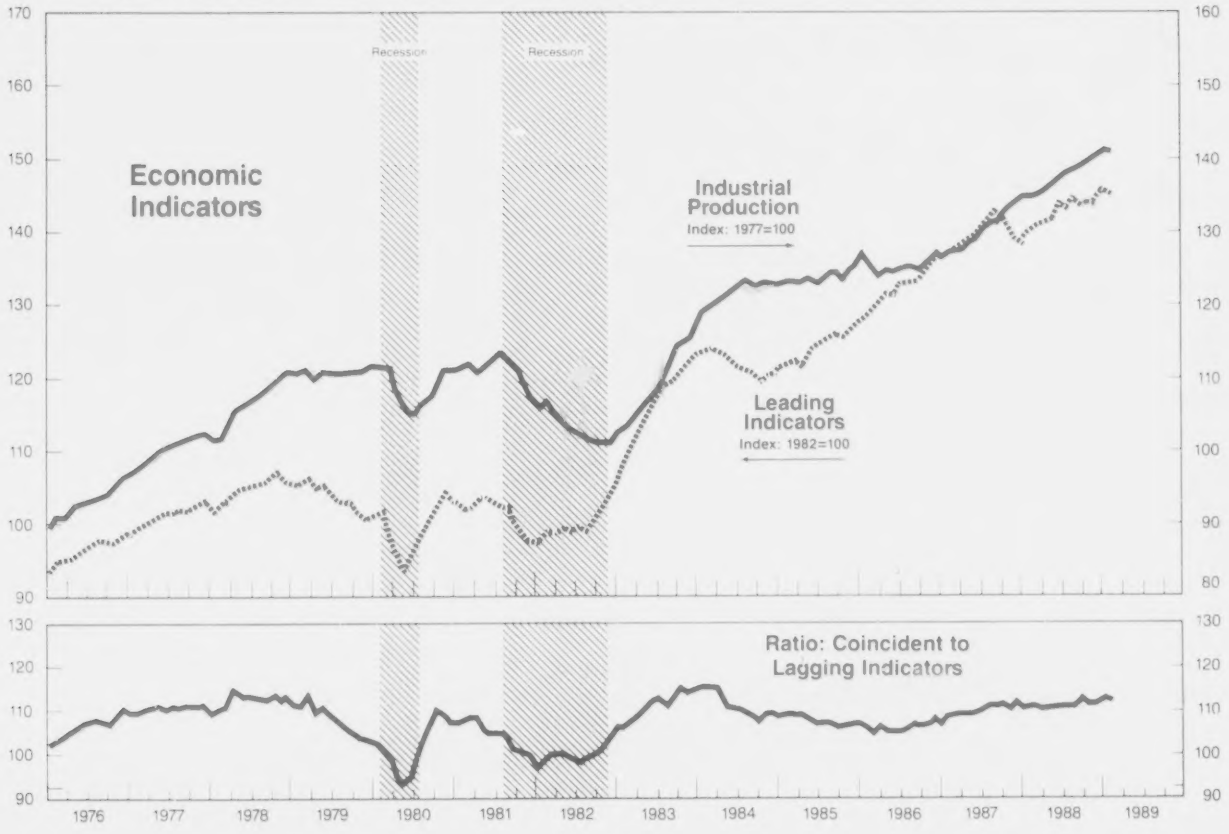


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Feb.	X			0.9%	3.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Feb.			X	- 0.6%	1.2%
New orders, nondefense capital goods (deflated)	Feb.			X	- 0.9%	2.7%
New business formation	Feb.	X			3.7%	2.9%
*Housing permits	Feb.			X	- 6.7%	- 1.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Feb.			X	- 1.6%	3.6%
*Change in unfilled orders, mfg.	Feb.	X			39.3%	36.4%
Purchasing manager's buying policy	Mar.		X		- 5.9%	- 9.4%
*Vendor performance, reported slower deliveries	Feb.	X			3.3%	-13.3%
Industrial raw materials prices	Mar.	X			5.5%	14.5%
*Change in sensitive material prices	Feb.	X			168.0%	179.2%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Feb.			X	- 0.9%	- 0.7%
Change in business loans	Feb.	X			385.2%	2.7%
*Consumer expectations	Feb.	X			2.9%	8.4%
Change in consumer installment debt	Feb.		X		- 9.6%	-16.3%
Profitability						
Total corporate profits, after tax (deflated)	4th Q.	X			1.3%	16.9%
*Common stock prices	Mar.	X			5.6%	9.9%
Marginal Employment Adjustments						
*Average workweek, mfg.	Mar.		X		0.1hr	0.0hr
*Initial unemployment claims (inverted)	Feb.			X	- 2.0%	3.5%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) May, 1977.

*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1988 Feb.(r)	1988 Nov.(r)	1988 Dec.(r)	1989 Jan.(r)	1989 Feb.(e)
Principal Diffusion Index	58.4	56.9	58.9	59.9	58.8
Auxiliary Diffusion Index	48.4	42.7	56.4	53.4	46.4
Industrial Group	60.0	56.8	55.8	56.4	56.0
Nonindustrial Group	56.9	57.1	62.0	63.5	61.7
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	62.8	65.8	61.1	67.5	73.1
Labor	56.4	53.1	51.0	52.1	51.2
Miscellaneous	64.7	52.6	59.6	50.6	42.3
Nonindustrial Subgroups					
Prices	60.9	37.2	45.5	53.2	60.9
Consumer	65.0	64.1	64.1	64.5	65.0
Building	51.6	55.1	61.9	67.9	57.7
Miscellaneous	49.6	64.5	70.9	66.2	61.5

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

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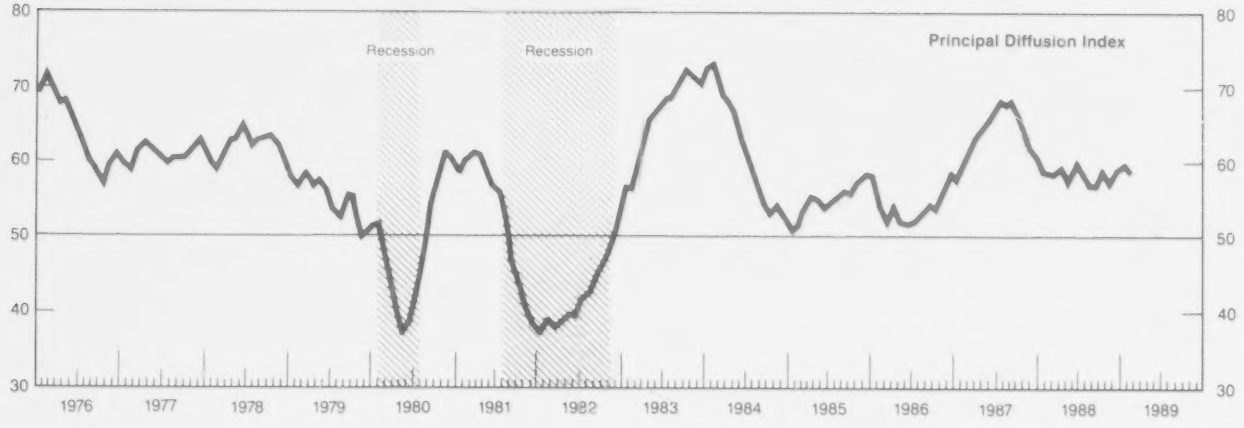
The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985 Nov.	1986 Feb.	1986 May	1986 Aug.	1986 Nov.	1987 Feb.	1987 May	1987 Aug.	1987 Nov.	1988 Feb.	1988 May	1988 Aug.
	Score (scale 0-100)											
Measure of Business Confidence	55	61	61	50	51	55	55	59	47	51	58	56
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	53	63	61	44	50	56	55	62	50	49	64	65
2. Expectations for Economy, Six Months Ahead	56	62	62	52	51	54	53	56	43	50	54	51
3. Expectations for Own Industry, Six Months Ahead	56	59	60	54	53	56	56	58	48	54	55	53

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Mar., 1989*		*Mar., 1989*		*Mar., 1989*		*Mar., 1989*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1988**	**IV**	**$4999.7**	**7.6%**	**$4999.7**	**7.6%**	**$4999.7**	**7.6%**	**$4999.7**	**7.6%**
Forecast	1989	I	5088.2	7.3	5126.9	10.6	5120.0	10.0	5116.0	9.6
		II	5180.2	7.4	5224.1	7.8	5207.0	7.0	5201.0	6.8
		III	5208.3	2.2	5291.9	5.3	5277.0	5.5	5293.5	7.3
		IV	5230.1	1.7	5351.4	4.6	5343.0	5.1	5387.1	7.3
	1990	I	5277.2	3.7	5429.5	6.0	5393.0	3.8	5471.9	6.4
		II	5352.2	5.8	5520.5	6.9	5452.0	4.4	5545.5	5.5
		III	5451.8	7.7	5620.7	7.5	5509.0	4.2	5592.7	3.4
		IV	5557.1	8.0	5725.6	7.7	5595.0	6.4	5665.1	5.3
	1991	I	5670.0	8.4			5690.0	7.0		
	1989	Annual	5176.7	6.4	5248.6	7.9	5236.8	7.7	5249.4	7.9
	1990	Annual	5409.6	4.5	5574.1	6.2	5487.3	4.8	5568.8	6.1
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1988**	**IV**	**$4033.4**	**2.4%**	**$4033.4**	**2.4%**	**$4033.4**	**2.4%**	**$4033.4**	**2.4%**
Forecast	1989	I	4068.7	3.5	4080.4	4.7	4080.0	4.7	4083.0	5.0
		II	4102.9	3.4	4102.8	2.2	4100.0	2.0	4105.0	2.2
		III	4070.1	-3.2	4100.0	-0.3	4110.0	1.0	4132.3	2.7
		IV	4044.8	-2.5	4093.4	-0.6	4116.0	0.6	4156.7	2.4
	1990	I	4036.0	-0.9	4105.0	1.1	4117.0	0.1	4167.5	1.0
		II	4056.9	2.1	4130.7	2.5	4124.0	0.7	4172.7	0.5
		III	4095.9	3.9	4159.8	2.8	4130.0	0.6	4164.3	-0.8
		IV	4139.3	4.3	4191.0	3.0	4157.0	2.6	4174.7	1.0
	1991	I	4182.3	4.2			4187.0	2.9		
	1989	Annual	4071.6	1.9	4094.2	2.5	4101.5	2.6	4119.3	3.1
	1990	Annual	4082.0	0.3	4146.6	1.3	4132.0	0.7	4169.8	1.2
Gross National Product deflator Index, 1982 = 100										
Actual	**1988**	**IV**	**124.0**	**5.1%**	**124.0**	**5.1%**	**124.0**	**5.1%**	**124.0**	**5.1%**
Forecast	1989	I	125.1	3.6	125.6	5.6	125.5	5.0	125.3	4.4
		II	126.3	3.9	127.3	5.5	127.0	4.9	126.7	4.5
		III	128.0	5.5	129.1	5.6	128.4	4.5	128.1	4.5
		IV	129.3	4.3	130.7	5.2	129.8	4.5	129.6	4.8
	1990	I	130.8	4.6	132.3	4.8	131.0	3.7	131.3	5.3
		II	131.9	3.6	133.6	4.2	132.2	3.7	132.9	5.0
		III	133.1	3.6	135.1	4.5	133.4	3.6	134.3	4.3
		IV	134.3	3.5	136.6	4.5	134.6	3.7	135.7	4.2
	1991	I	135.6	4.0			135.9	3.9		
	1989	Annual	127.1	4.5	128.2	5.3	127.7	4.9	127.4	4.7
	1990	Annual	132.5	4.2	134.4	4.8	132.8	4.0	133.6	4.8
Unemployment Rate										
Actual	**1988**	**IV**		**5.3%**		**5.3%**		**5.3%**		**5.3%**
Forecast	1989	I		5.3		5.2		5.2		5.2
		II		5.2		5.3		5.3		5.1
		III		5.4		5.4		5.4		5.0
		IV		5.7		5.8		5.5		4.9
	1990	I		6.1		5.9		5.6		5.1
		II		6.3		6.1		5.7		5.5
		III		6.4		6.1		5.8		5.7
		IV		6.3		6.0		5.7		5.8
	1991	I		6.2				5.6		
	1989	Annual		5.4		5.4		5.4		5.1
	1990	Annual		6.3		6.0		5.7		5.5

Notes: Percentage changes represent compound annual rates of change from preceding pe[illegible]d. Quarterly data are seasonally adjusted.
[1]Based on revised (second revision) fourth quarter data.
[2]Based on revised fourth quarter data.

ECONOMIC FORECASTS (continued)

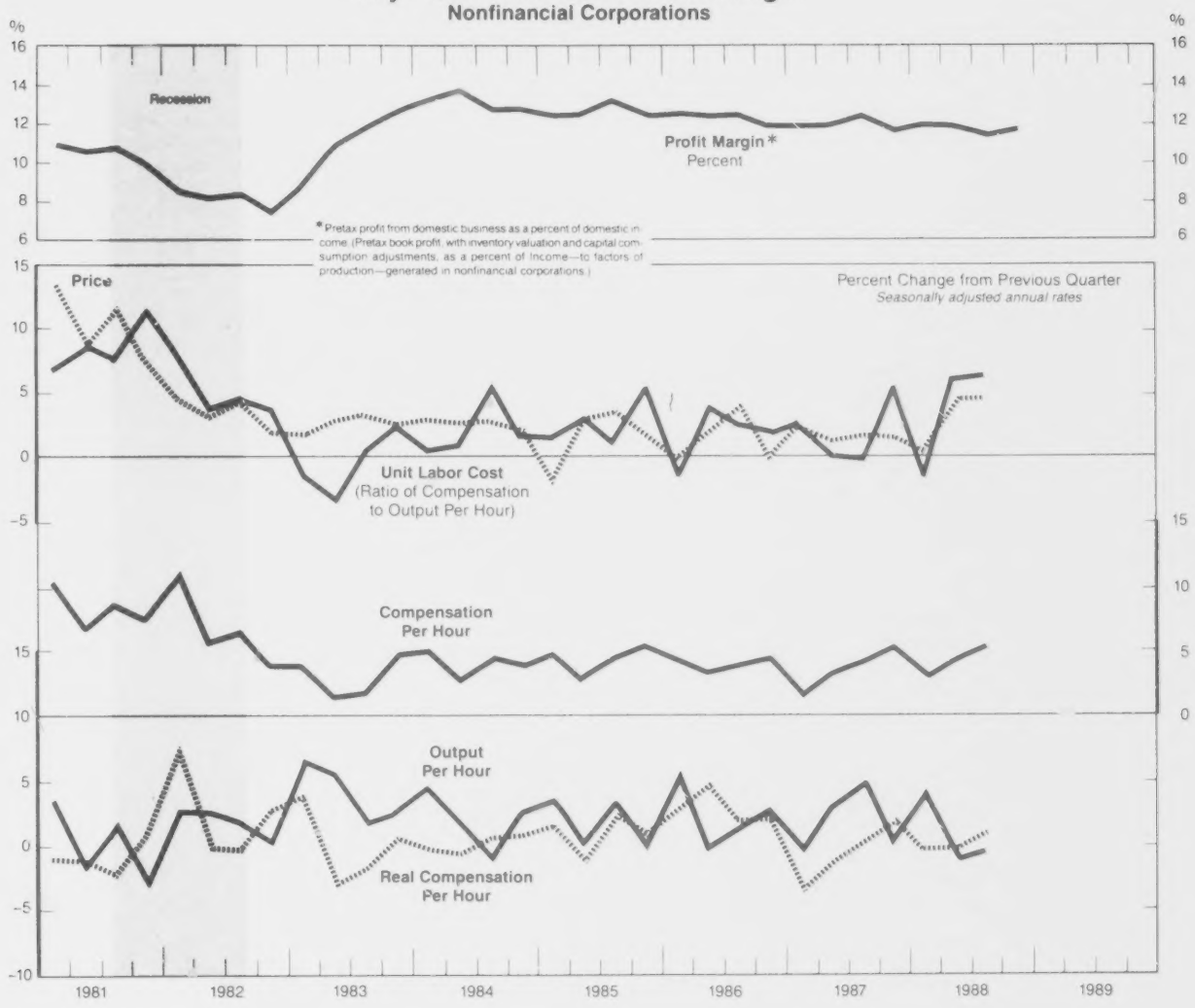
The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Mar., 1989		Mar., 1989		Mar., 1989		Mar., 1989		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4999.7	**7.6%**	**$4999.7**	**7.6%**	**$4999.7**	**7.6%**	**$4999.7**	**7.6%**	**IV**	**1988**	**Actual**
5129.0	10.8	5111.4	9.2	5111.4	9.3	5114.1	9.5	I	1989	Forecast
5212.0	6.6	5184.3	5.8	5186.1	5.9	5201.4	7.0	II		
5270.0	4.5	5250.3	5.2	5246.6	4.7	5281.9	6.3	III		
5307.0	2.8	5316.6	5.1	5315.4	5.3	5351.0	5.3	IV		
5348.0	3.1	5397.9	6.3	5390.5	5.8	5423.3	5.5	I	1990	
5436.0	6.7	5469.1	5.4	5466.8	5.8	5511.0	6.6	II		
5542.0	8.0	5551.7	6.2	5541.6	5.6	5609.6	7.4	III		
5651.0	8.1	5637.5	6.3	5641.1	7.4	5714.7	7.7	IV		
				5763.9	9.0	5823.7	7.9	I	1991	
5229.5	7.5	5215.7	7.2	5215.0	7.2	5237.1	7.7	Annual	1989	
5494.3	5.1	5514.1	5.7	5510.0	5.7	5564.7	6.3	Annual	1990	
								Gross National Product Billions of Constant (1982) Dollars		
$4033.4	**2.4%**	**$4033.4**	**2.4%**	**$4033.4**	**2.4%**	**$4033.4**	**2.4%**	**IV**	**1988**	**Actual**
4086.9	5.4	4085.8	5.3	4081.7	4.9	4085.5	5.3	I	1989	Forecast
4100.7	1.4	4104.5	1.8	4099.6	1.8	4109.1	2.3	II		
4098.0	–0.3	4118.2	1.3	4103.9	0.4	4123.6	1.4	III		
4082.3	–1.5	4133.1	1.5	4120.2	1.6	4131.2	0.7	IV		
4070.0	–1.2	4151.7	1.8	4130.0	1.0	4138.0	0.7	I	1990	
4090.3	2.0	4167.1	1.5	4147.0	1.7	4159.5	2.1	II		
4120.4	3.0	4190.7	2.3	4162.6	1.5	4193.1	3.3	III		
4149.9	2.9	4216.4	2.5	4197.6	3.4	4231.8	3.7	IV		
				4239.8	4.1	4263.6	3.0	I	1991	
4092.0	2.4	4110.4	2.9	4101.4	2.6	4112.4	2.9	Annual	1989	
4107.7	0.4	4181.5	1.7	4159.3	1.4	4180.6	1.7	Annual	1990	
								Gross National Product deflator Index, 1982 = 100		
124.0	5.1%	124.0	5.1%	124.0	5.1%	124.0	5.1%	IV	1988	Actual
125.5	5.1	125.1	3.7	125.2	4.2	125.2	4.0	I	1989	Forecast
127.1	5.2	126.3	3.9	126.5	4.1	126.6	4.6	II		
128.6	4.8	127.5	3.8	127.8	4.3	128.1	4.8	III		
130.0	4.4	128.6	3.6	129.0	3.7	129.5	4.6	IV		
131.4	4.4	130.0	4.4	130.5	4.8	131.1	4.8	I	1990	
132.9	4.6	131.2	3.8	131.8	4.1	132.5	4.4	II		
134.5	4.9	132.5	3.8	133.1	4.0	133.8	4.0	III		
136.2	5.1	133.7	3.8	134.4	3.8	135.0	3.8	IV		
				135.9	4.7	136.6	4.7	I	1991	
127.8	5.0	126.9	4.2	127.1	4.5	127.3	4.6	Annual	1989	
133.7	4.7	131.9	3.9	132.5	4.2	133.1	4.5	Annual	1990	
								Unemployment Rate		
	5.3%		**5.3%**		**5.3%**		**5.3%**	**IV**	**1988**	**Actual**
	5.2		5.2		5.2		5.3	I	1989	Forecast
	5.3		5.3		5.3		5.3	II		
	5.5		5.3		5.4		5.5	III		
	6.1		5.4		5.6		5.8	IV		
	6.3		5.5		5.7		6.0	I	1990	
	6.3		5.6		5.8		6.1	II		
	6.1		5.7		5.9		6.1	III		
	5.9		5.7		5.9		5.9	IV		
					5.9		5.8	I	1991	
	5.5		5.3		5.4		5.5	Annual	1989	
	6.2		5.6		5.9		6.0	Annual	1990	

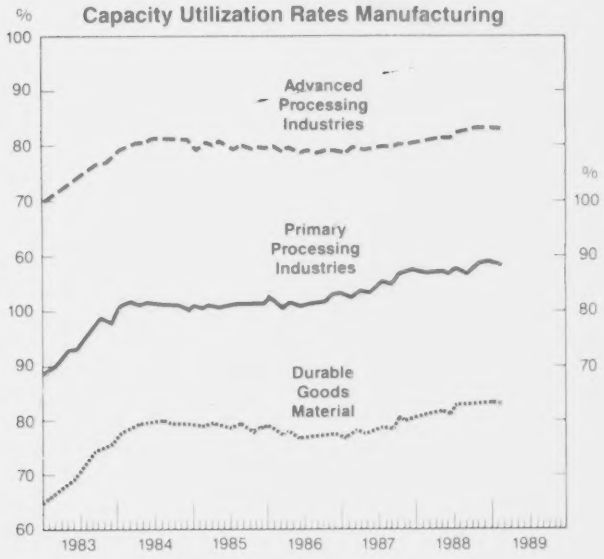
CBDB

ATTENTION DATA USERS: All data in this publication are available ONLINE in our statistical database, CBDB. For more information, contact Linette Waters at (212) 759-0900.

Key Determinants of Profit Margin

Nonfinancial Corporations

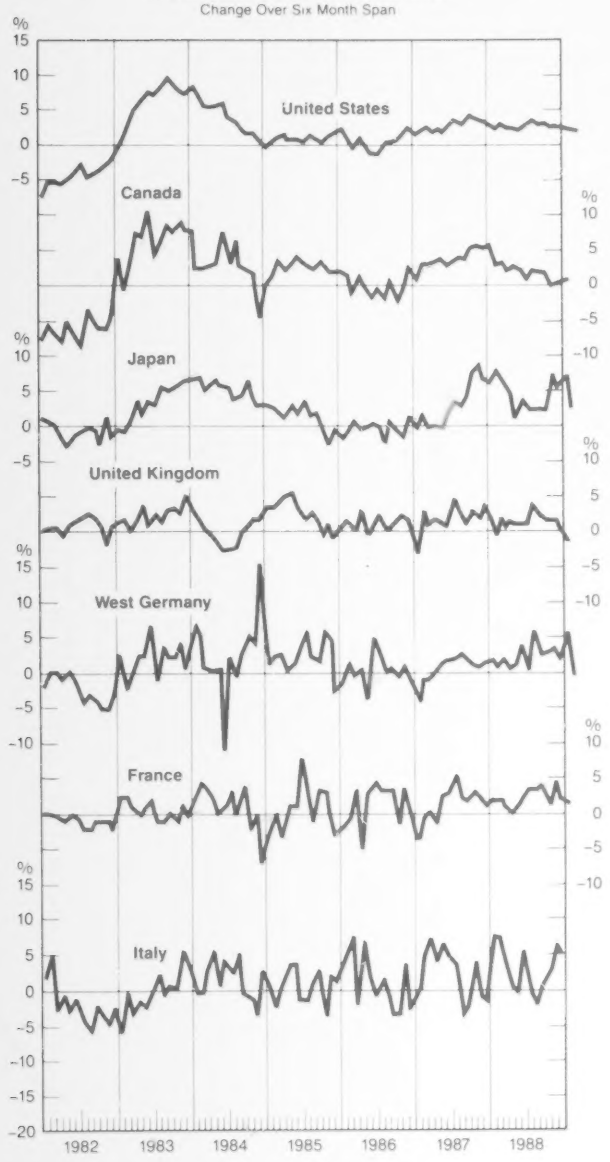




Selected International Comparisons

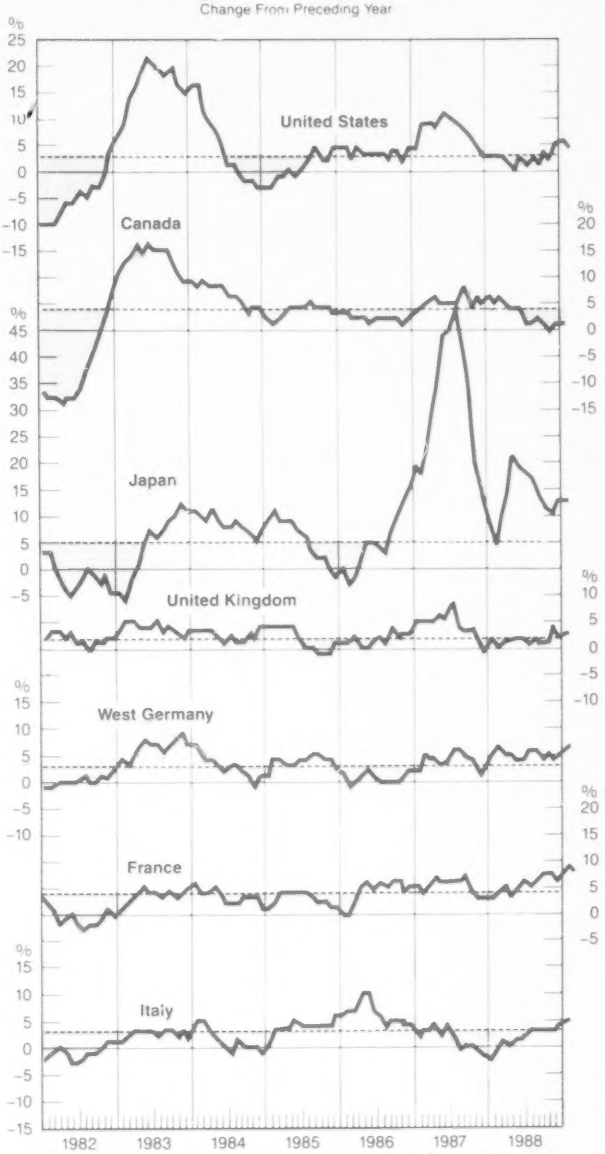
Industrial Production Indexes

Change Over Six Month Span



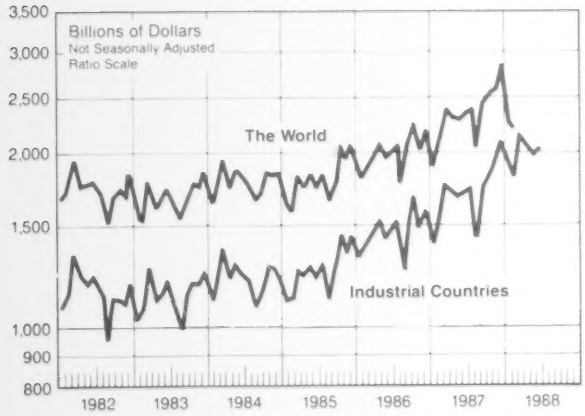
Leading Business Cycle Indexes

Change From Preceding Year

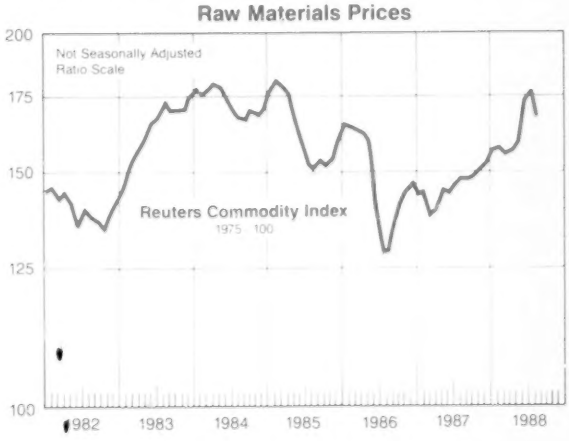


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports



Raw Materials Prices



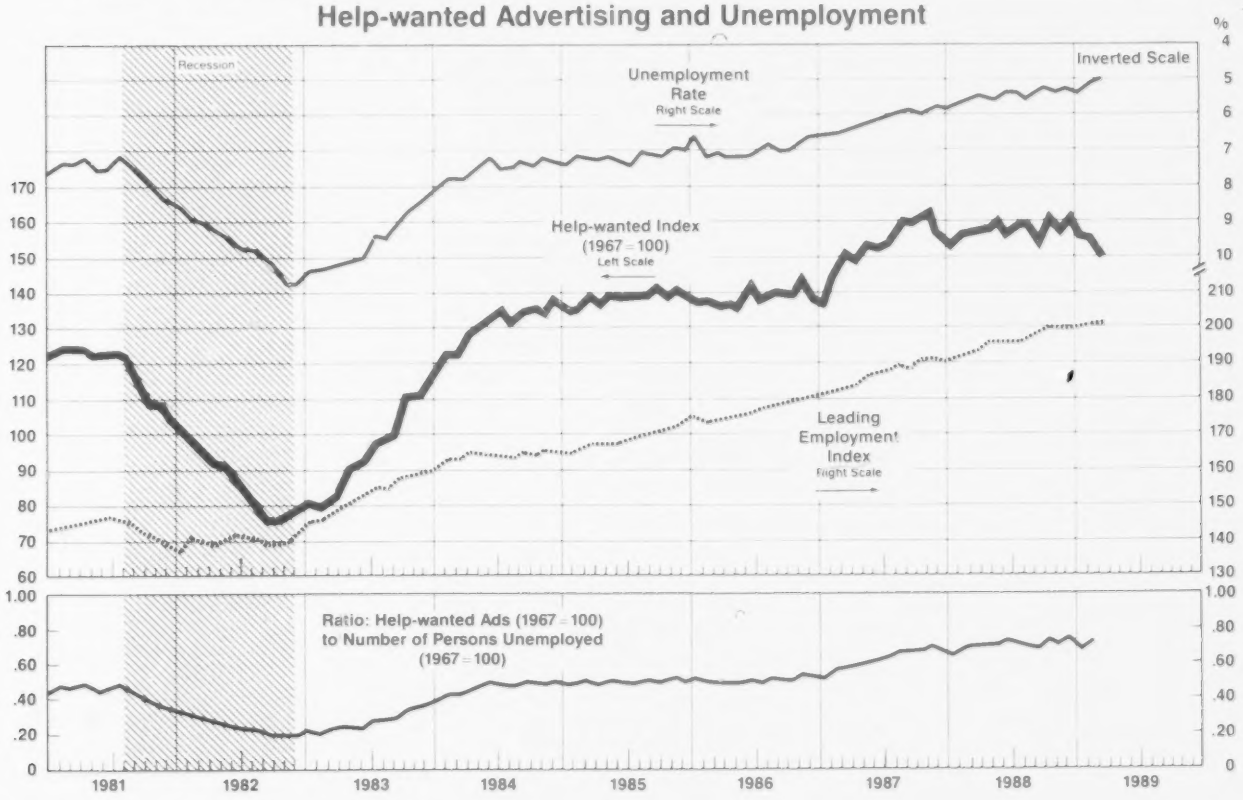
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1989 Feb.	1988 Jan.	1988 Dec.	1988 Feb.
National Index	155	155	161	155r
New England	131	139	138	168
Boston	126	131	128	161
Hartford	129	139	160	181
Providence	149	167	154	179
Middle Atlantic	83	83	86	89r
Albany	195	198	214	221
Allentown	375	360	492	383
New York	56	55	56	63
Philadelphia	68	71	68	78r
Pittsburgh	101	101	94	95
Rochester	115	111	101	98
Syracuse	161	162	162	142
East North Central	107	108	102	105
Chicago	111	113	105	116
Cincinnati	168	162	146	167
Cleveland	76	76	65	70
Columbus	173	161	163	171
Dayton	94	100	89	91
Detroit	63	67	61	54
Gary	205	199	198	178
Indianapolis	134	129	131	113r
Milwaukee	90	93	103	91r
Toledo	133	133	130	141
West North Central	102	105	98	99r
Kansas City	138	144	132	149
Minneapolis	91	91	83	85
Omaha	174	177	171	151r
St. Louis	71	77	74	69
South Atlantic	201	206	233	210
Atlanta	250	269	262	261
Baltimore	215	224	334	224
Charlotte	211	204	207	209
Jacksonville	226	223	214	234r
Miami	170	162	172	165r
Richmond	147	155	138	147
Washington, D.C.	N.A.	N.A.	N.A.	201r
East South Central	169	167	174	160
Birmingham	188	183	180	178
Knoxville	320	316	339	277
Louisville	104	102r	107	97r
Memphis	138	146	135	140
Nashville	173	164	199	174
West South Central	190	178	192	183
Dallas	133	142	141	168
Houston	300	251	290	261
New Orleans	137	133	143	126
Oklahoma City	120	126	122	119
San Antonio	150	162	178	147
Tulsa	163	167	158	140
Mountain	325	322	332	308
Denver	211	225	222	205
Phoenix	394	360	441	398
Salt Lake City	448	458	394	381
Pacific	263	262r	273	248
Los Angeles	173	174	173	172
Sacramento	492	512	501	445
San Bernardino	307	300r	337	300r
San Diego	666	672	721	595
San Francisco	273	252	278	251
Seattle	260	277	285	229
Percentage of papers with rising volume	41	55	59	55r
Unemployment rate	5.1	5.4	5.3	5.7

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977)
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND EXPECTATIONS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7
1988	109.9	114.9	112.7	115.7	120.2	115.7	113.5	119.7	110.7	116.9	112.9	119.4
1989	115.8	120.7r	117.4r	116.3p								

Expectations Index

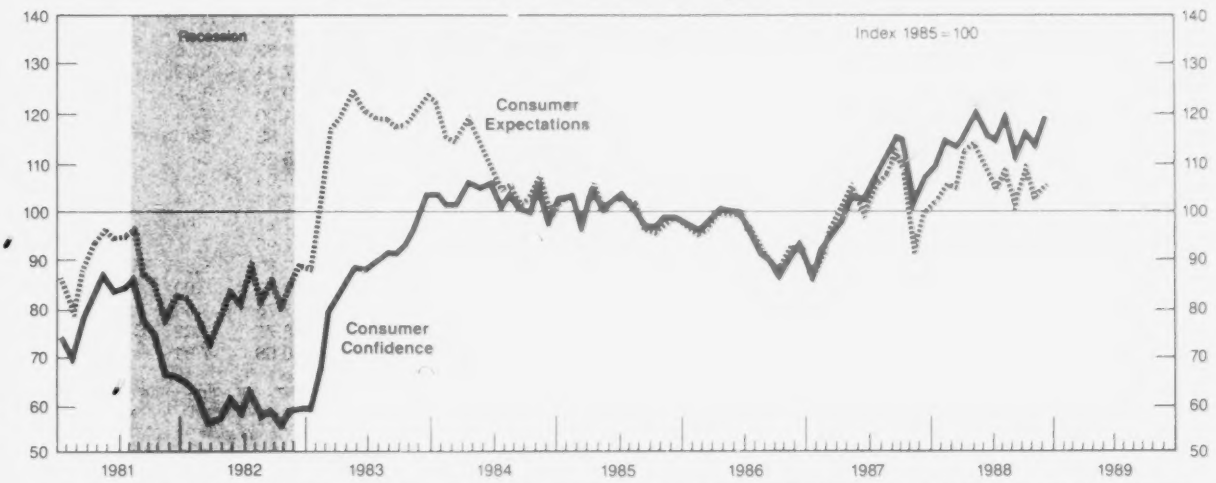
1985	102.5	103.9	95.9	105.1	99.6	102.7	102.5	102.1	96.3	94.5	96.8	98.2
1986	96.3	94.4	95.5	99.0	99.4	99.7	96.4	92.0	89.4	86.1	92.0	92.2
1987	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6
1988	102.2	105.5	104.9	112.8	114.4	108.6	103.7	109.4	100.1	109.3	102.0	105.6
1989	104.1	108.3r	104.9r	101.2p								

Confidence Index measures consumer optimism in appraising economic conditions. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r-revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

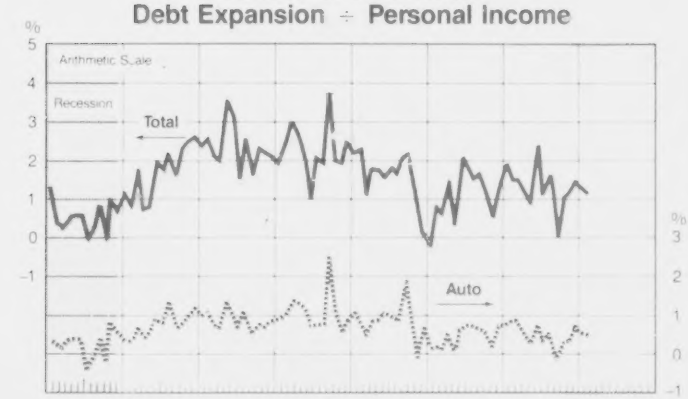
	1987				1988			Percent Change From Previous Year	
	I-87	II-87	III-87	IV-87	I-88	II-88(r)	III-88(p)	Actual 1988	Estimate 1989
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	21.441	32.257	29.561	35.909	30.846	40.686	39.092	23%	5%
Capital expenditures	20.801	25.933	27.381	29.820	29.412	31.718	33.548	26	18
Change in appropriations backlog*	-0.550	5.460	0.080	3.510	0.650	8.760	5.090		
Durable Goods									
New appropriations	9.746	16.515	17.208	20.245	14.310	20.261	19.907	20	21
Capital expenditures	11.124	14.006	13.970	16.037	15.780	16.910	18.346	26	24
Change in appropriations backlog*	-2.070	2.310	2.930	3.810	-1.600	3.670	1.420		
Nondurable Goods									
New appropriations	11.695	15.742	12.353	15.664	16.536	20.425	19.185	25	-4
Capital expenditures	9.677	11.927	13.411	13.783	13.632	14.806	15.202	26	13
Change in appropriations backlog*	1.520	3.160	-3.010	-0.300	2.250	5.090	3.670		
ELECTRIC & GAS UTILITIES									
New appropriations	6.528	5.605	5.174	6.286	8.083	4.439			
Capital expenditures	7.662	7.072	7.771	6.590	6.857	6.620			
Change in appropriations backlog*	-0.720	-1.610	-2.840	-0.430	1.235	-2.630			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

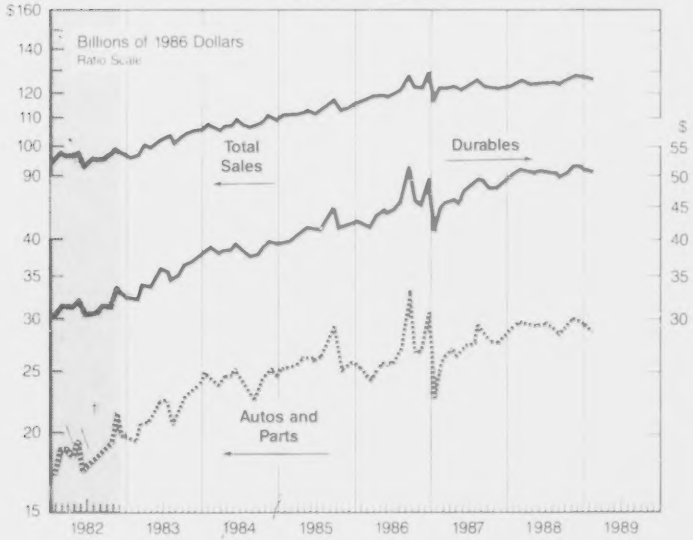
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



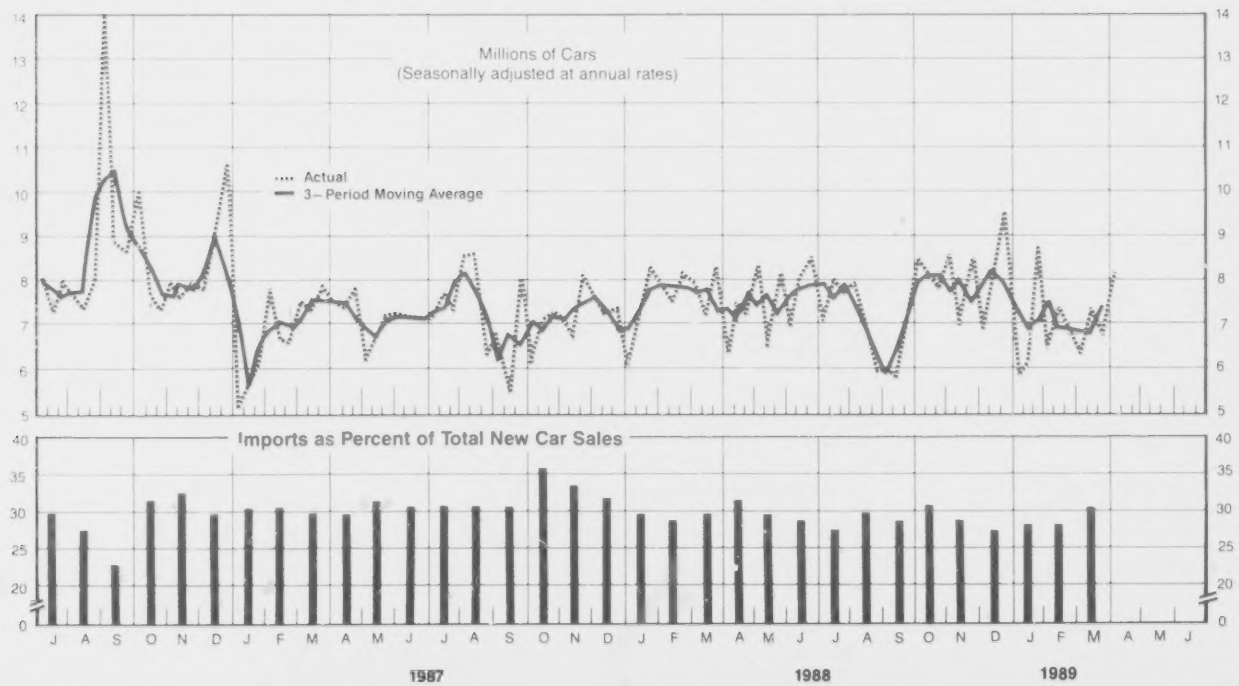
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1986	1987	1988	1989
January:	1-10	8.37	5.15	6.06	5.86
	11-20	8.74	5.52	7.29	6.06
	21-31	8.26	6.13	8.25	8.64
February:	1-10	7.88	7.78	7.83	6.40
	11-20	8.95	6.64	7.44	7.37
	21-28(29)	6.15	6.58	8.17	6.86
March:	1-10	7.69	7.53	7.81	6.32
	11-20	7.57	7.27	7.13	7.28
	21-31	6.52	7.81	8.28	6.74
April:	1-10	8.79	7.48	6.33	8.18
	11-20	7.06	7.34	7.43	
	21-30	7.75	7.76	7.23	
May:	1-10	8.62	6.16	8.36	
	11-20	8.86	6.66	6.53	
	21-31	7.33	7.19	8.12	
June:	1-10	8.48	7.21	6.88	
	11-20	8.04	7.13	8.00	
	21-30	8.39	7.09	8.48	
July:	1-10	8.10	7.10	7.02	
	11-20	7.28	7.68	7.99	
	21-31	7.97	7.29	7.69	
August:	1-10	7.63	8.55	7.95	
	11-20	7.34	8.60	7.01	
	21-31	8.08	6.26	5.92	
September:	1-10	14.00	6.74	5.93	
	11-20	8.83	5.45	5.80	
	21-30	8.62	8.03	7.40	
October:	1-10	10.04	6.13	8.43	
	11-20	7.67	7.10	8.08	
	21-31	7.27	7.24	7.78	
November:	1-10	7.96	7.15	8.55	
	11-20	7.59	6.68	6.97	
	21-30	7.89	8.09	8.46	
December:	1-10	7.75	7.60	6.84	
	11-20	8.77	7.22	8.31	
	21-31	10.68	7.31	9.54	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3–Period Moving Average
Imports as Percent of Total New Car Sales
J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J
1987
1988
1989